

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 L-03 H-02 PA-02 PRS-01 SP-02 USIA-15
AID-05 EB-08 NSC-05 SS-15 STR-04 OMB-01 CEA-01
CIAE-00 COME-00 FRB-01 INR-07 NSAE-00 XMB-04 OPIC-06
LAB-04 SIL-01 /100 W
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R 231430Z FEB 77
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TREAS DEPT WASHDC
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
EC BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMCONSUL MILAN
AMCONSUL NAPLES
AMEMBASSY PARIS
USMISSION OECD PARIS
AMEMBASSY THE HAGUE

UNCLAS ROME 2846

PASS FRB

E.O. 11652: N/A
TAGS: EFIN, IT
SUBJECT: JENKINS' COMMENTS ON EC LOAN TO ITALY

1. /SUMMARY./ ITALIAN PRESS ON FEBRUARY 23 REPORTS STATEMENT
BY VISITING PRESIDENT OF EC COMMISSION ROY JENKINS IN SUPPORT
OF EC \$500 MILLION LOAN TO ITALY. HOWEVER, JENKINS ALSO MADE
CLEAR THAT FINAL RELEASE OF LOAN WOULD DEPEND UPON AGREEMENT
BY ALL EC MEMBERS AND ACKNOWLEDGED EXISTENCE OF LINK BETWEEN
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EC LOAN AND IMF STANDBY NEGOTIATIONS. /END SUMMARY./

2. ON FEBRUARY 22 EC PRESIDENT JENKINS MET WITH PRIME MINISTER
ANDREOTTI AND TREASURY MINISTER STAMMATI AND HELD BRIEF PRESS
CONFERENCE. JENKINS SAID THAT HE GAVE HIS "FULL SUPPORT" TO
GRANTING OF \$500 MILLION LOAN TO ITALY, BUT POINTED OUT NEED FOR
A GENERAL AGREEMENT AMONG EC MEMBER STATES IN SUPPORT OF LOAN.

JENKINS REPORTEDLY SAID THAT, WHILE IN THEORY THERE WAS NO DIRECT LINK BETWEEN EC CREDIT AND NEW IMF STANDBY, IN PRACTICE NEGOTIATIONS WOULD GO HAND IN HAND SINCE ALL EC MEMBER STATES MUST BE IN AGREEMENT. MILAN'S "CORRIERE DELLA SERA" IDENTIFIES SOFTER LINE BY FRG CHANCELLOR SCHMIDT THAN BY GERMAN MINISTER OF FINANCE APEL ON EC LOAN TO ITALY. IT REPORTS THAT IT IS NOT ACCIDENTAL THAT THREE SECRETARIES GENERAL OF ITALIAN LABOR CONFEDERATIONS HELD A SERIES OF MEETINGS ON FEBRUARY 22 IN GERMANY WITH THEIR LABOR AND POLITICAL COUNTERPARTS. ARTICLE SPECULATES THAT ITALIAN LABOR LEADERS MAY HAVE ASKED THEIR SOCIAL DEMOCRATIC COUNTERPARTS TO SOLICIT SUPPORT FROM SCHMIDT TO OVERRIDE OBJECTIONS OF APEL.

3. AT PRESS CONFERENCE JENKINS DESCRIBED ITALIAN STABILIZATION EFFORTS AS "COURAGEOUS." HE REPORTEDLY SAID THAT THE MEASURES TAKEN IN THE ECONOMIC FIELD BY THE ITALIAN GOVERNMENT TO STABILIZE THE SITUATION TO COMBAT INFLATION AND TO REDUCE THE COST OF LABOR WENT IN THE RIGHT DIRECTION AND WOULD FACILITATE PROSPECTS FOR THE EC LOAN. HOWEVER, SUCH MEASURES DID NOT RESOLVE ALL THE PROBLEMS WHICH FACE ITALY.BEAUDRY

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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
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Disposition Event:
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Disposition Reason:
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TAGS: EFIN, IT, (JENKINS, ROY)
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